



***United States Attorney
District of New Jersey***

FOR IMMEDIATE RELEASE

January 26, 2011

www.justice.gov/usao/nj

CONTACT: Rebekah Carmichael
Office of Public Affairs
(973) 645-2888

**NEW JERSEY BUSINESSMAN CHARGED WITH CONSPIRING TO
CONCEAL OFFSHORE BANK ACCOUNTS FROM THE IRS**

Account Holder Worked with Bankers to Structure Transactions, Hide Accounts

NEWARK, N.J. – A federal grand jury in Newark returned an Indictment today charging a Somerset, N.J., man with conspiring to conceal undeclared bank accounts located in the British Virgin Islands and India, United States Attorney Paul J. Fishman and Acting Assistant Attorney General John A. DiCicco of the Justice Department's Tax Division announced.

The Indictment charges Vaibhav Dahake with one count of conspiring to defraud the IRS.

According to the Indictment filed in Newark federal court:

Vaibhav Dahake was born in India and became a naturalized U.S. citizen in 2006. From 2001 through 2010, Dahake maintained undeclared bank accounts in the British Virgin Islands and India that he failed to report on his federal income tax returns. The accounts located in India were maintained at a large international bank, which was headquartered in England and maintained offices throughout the world, including in India, Singapore, Hong Kong and the United States.

In 2001, Dahake received from the bank an unsolicited letter advertising bank accounts in India that paid high interest rates. Dahake subsequently met with a banker, employed by the bank's New York office, who advised Dahake that one of the advantages of opening up a bank account in India was that he would not have to supply the bank with his social security number. After Dahake decided to open an account in India, the banker advised him not to send one large check, but to send five checks, each in the amount of \$10,000, in order to "stay below the radar."

During 2003 and 2004, Dahake wire transferred additional funds from the British Virgin Islands to his undeclared bank account in India. In connection with these wire transfers, a second banker employed by the international bank in New York advised Dahake that he could conceal his undeclared accounts by converting funds from U.S. dollars into either British pounds or euros before wire transferring them. The banker told Dahake that the funds would not be transferred through the U.S. banking system because the international bank had correspondent banks in Europe and around the world that handled transactions in different currencies.

During a subsequent trip to India, Dahake had a telephone conversation with a third banker, employed by the international bank in California, regarding how to conceal the repatriation of funds from India to the United States. The banker advised Dahake that he and his

wife should not withdraw more than \$18,000 collectively to avoid coming back into the United States with over \$10,000 each.

In 2006, Dahake faxed a letter to the international bank in India instructing the bank to issue him five bank checks, each in the amount of \$9,500, and to send the checks via courier to his residence in New Jersey. A banker employed by the international bank in India had advised Dahake to purchase multiple checks in that amount when repatriating funds from India to the United States.

Following the publication of news reports that Swiss bank UBS AG had entered into a deferred prosecution agreement with the U.S. Department of Justice, Dahake advised the banker in California that he was considering repatriating all his money from India to the United States. In response, the banker told Dahake he had nothing to worry about because the international bank would not be issuing Forms 1099 on the accounts in India, and that the IRS would be looking for undeclared accounts maintained in the Caribbean rather than in the Far East. The banker further advised Dahake that the international bank operated banks in both Singapore and Hong Kong and that the banker could introduce Dahake to bankers in those countries if Dahake wanted to move his funds there.

Individuals who physically transport, mail or ship – or cause to be physically transported, mailed, or shipped – currency, checks, and other monetary instruments in an aggregate amount exceeding \$10,000 into or out of the United States are required to file a FinCen Form 105, Report of International Transportation of Currency or Monetary Instruments (a “CMIR”), with the Bureau of Customs and Border Protection.

United States law prohibits individuals from structuring the importation or exportation of currency, checks and other monetary instruments if the purpose of the structuring is to evade the requirement to file a CMIR for transactions exceeding \$10,000.

The count with which Dahake is charged carries a maximum potential penalty of five years in prison and a \$250,000 fine.

United States Attorney Paul J. Fishman stated: “Bankers should encourage their clients to comply with the law, not advise them how to break it. Those who help U.S. taxpayers evade their income tax obligations face stiff criminal penalties. And those who seek to dodge paying their fair share will be held to account.”

“Those who attempt to hide their assets and income in offshore accounts, and those who aid them in doing so, by now should realize that no bank offering such services will be a ‘safe haven’ from the IRS,” said Acting Assistant Attorney General John A. DiCicco. “As they begin to prepare their yearly income tax returns, honest taxpayers should rest assured that the Department of Justice, with the help of the IRS, will aggressively work to ferret out those who aren’t.”

“The use of offshore bank accounts intended to conceal income from the IRS isn’t tax planning, it’s criminal activity, said Victor S. O. Song, Chief, IRS Criminal Investigation. “Today’s indictment reinforces our commitment to every American taxpayer that we will investigate allegations of illegal financial transactions designed to evade the payment of taxes.”

U.S. Attorney Fishman and Acting Assistant Attorney General DiCicco commended the special agents of the Internal Revenue Service, under the direction of IRS Criminal Investigation Chief Victor S. O. Song, who investigated the case.

The government is represented by Assistant U.S. Attorney Stacey A. Levine of the U.S. Attorney’s Office Health Care and Government Fraud Unit in Newark; and Senior Litigation Counsel John E. Sullivan and Kevin M. Downing of the Department of Justice’s Tax Division.

The charge and allegations contained in the Indictment are merely accusations, and the defendant is presumed innocent unless and until proven guilty.

11-040

###

Defense counsel: Lawrence S. Horn, Esq., Newark